

## Message Text

CONFIDENTIAL

PAGE 01 LISBON 03810 01 OF 02 072024Z

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-03 NSAE-00

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 3330

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION NATO

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C O N F I D E N T I A L SECTION 1 OF 2 LISBON 3810

E.O. 11652: GDS

TAGS: PDEV, PINT, PO

SUBJ: PORTUGAL ON THE EVE OF THE AFM ASSEMBLY

SUMMARY: ON THE EVE OF THE SECOND AFM ASSEMBLY, PORTUGAL'S FIVE POWER CENTERS -- THE AFM, PCP, PS, ULTRA LEFT, AND MODERATE CONSERVATIVES -- CONTINUE IN THE UNSTABLE EQUILIBRIUM WHICH ACCOUNTS FOR THE CURRENT APPARENT CONFUSION AND REAL TENSION. THE ASSEMBLY WILL VET THE AFM'S JUNE 21 POLITICAL ACTION PLAN, WITH THE PCP AND ULTRA LEFT ATTEMPTING TO IMPOSE THEIR "PROGRESSIVE" INTERPRETATION AND PERHAPS MAKE CHANGES IN THE REVOLUTIONARY COUNCIL. WITHIN THE COUNCIL, THE EXISTENCE OF GROUPINGS IN THE LEFT-NATIONALIST FACTION HAS BECOME AN IMPORTANT SOURCE OF IN-FIGHTING. GENERAL CARVALHO OF COPCON AND ADMIRAL ROSE COUTINHO ARE THE TWO GROUP LEADERS WITH COUTINHO RELATIVELY QUIET RECENTLY AND CARVALHO INCREASINGLY ACTIVE. THE AFM ALMOST CERTAINLY WILL NOT BE

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PAGE 02 LISBON 03810 01 OF 02 072024Z

ABLE TO RESOLVE ITS PROBLEMS, AS THE ECONOMIC CRISIS CON-

TINUES TO AGGRAVATE AND DRIVE THE POLITICAL SITUATION.  
AFM ATTEMPTS AT MAINTAINING ITS CONSENSUS RULE WILL  
STILL BE MADE BUT AT BEST WILL BE SHORT-LIVED PALLIATIVES.  
END SUMMARY

1. EVEN BY PORTUGUESE STANDARDS, THE SELF-STYLED "LIBERATION MOVEMENT" THAT NOW RULES THE COUNTRY HAS PRESENTED A CONFUSED AND CONFUSING PICUTE TO THEMSELVES AS WELL AS TO THE OUTSIDE WORLD OVER THE PAST WEEK. IN OUR JUDGMENT, THE CAUSES FOR THIS APPARENT CONFUSION ARE TO BE FOUND IN THE UNEASY BALANCE OF FORCES THAT NOW HOLDS IN PORTUGAL.

2. THE FIVE POWER CENTERS: THERE ARE AT PRESENT FIVE CENTERS OF POWER IN PORTUGAL -- THE AFM, THE PCP, THE ULTRA LEFT, THE SOCIALISTS, AND THE MODERATE-CONSERVATIVES.  
-- THE AFM, OF COURSE IS PRIMUS INTER PARES, BUT LIKE ALL THE OTHERS (WITH THE POSSIBLE EXCEPTION OF THE PCP) IT IS HETEROGENOUS, AND DIVIDED WITHIN ITSELF. ADDITIONALLY, THE AFM ITSELF MIRRORS THE BALANCE BETWEEN THE OTHER FORCES.  
-- THE PCP STILL SEEKS TO STAY IN LOCK-STEP WITH THE AFM, WHILE SIMULTANEOUSLY TRYING TO SUBVERT AND/OR CONVERT AFM MEMBERS. AT THE SAME TIME, THE PARTY'S CURRENT TACTIC IS TO STRESS THE "UNITARY" APPROACH ON ORGANIZATIONAL MATTERS. IF THE AFM SHOULD TRY TO BYPASS OR EVEN ELIMINATE THE POLITICAL PARTIES THE PCP EXPECTS TO KEEP DOING BUSINESS UNDER THE GUISE OF THESE "UNITARY" ORGANIZATIONS.  
-- THE ULTRA LEFT (UDP, TROTSKYITES, MRPP, ETC.) IS SMALL IN NUMBER BUT HAS AN IMPORTANCE WHOLLY OUT OF PROPORTION TO ITS NUMBERS. FOR EXAMPLE, THE ULTRA LEFT DURING THE PAST WEEK HAS BOTH CATALYZED AND STIMULATED MILITANT WORKER CHALLENGES TO THE GOP'S AUTHORITY. IT IS THESE INTERLOCKING POLITICO-LABOR DISPUTES -- LISBON TELEPHONE WORKERS, THE REPUBLICA CASE, RADIO RENASCENCA -- THAT PROVIDED THE BACKDROP FOR MUCH OF THE TENSION OF RECENT DAYS. THE COMMUNISTS MAY HAVE HAD SOME HAND IN STIMULATING THIS TENSION, BUT THE MAIN IMPETUS CAME FROM THE ULTRA LEFT WHICH THEORIZES THAT "TRUE REVOLUTION" WILL ARISE ONLY FROM THE CHAOS OF THE CURRENT SYSTEM.  
-- AS PORTUGAL'S LARGEST PARTY, THE SOCIALISTS STILL

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PAGE 03 LISBON 03810 01 OF 02 072024Z

HAVE THE ALLEGIANCE OF THEIR FAITHFUL. THEY ALSO HAVE A VALID CLAIM TO LEGITIMACY IN THE WAKE OF THEIR ELECTION TRIUMPH IN APRIL. BUT THEY HAVE NOT YET FOUND A WAY TO CASH IN THEIR ELECTION CHIPS. THE PARTY'S LEADERSHIP CONTINUES TO ALTERNATE BETWEEN MOMENTS OF EUPHORIA SURROUNDED BY LONG STRETCHES OF GLOOM.  
-- THE MODERATE-CONSERVATIVES ARE THE OPPOSITE ANALOGUE OF THE ULTRA LEFT, SINCE THEY ARE LARGE IN NUMBERS BUT STILL

RELATIVELY SMALL IN INFLUENCE. AT THE MOMENT THE CHURCH HAS TAKEN THE LEAD OF THIS CAMP BECAUSE OF THE DISPUTE OVER ITS RADIO STATION. WHILE RELATIVELY LEADERLESS, EVERYONE IN PORTUGAL KNOWS THIS CURRENT IS IN THE MAJORITY. HENCE IT CANNOT BE COMPLETELY IGNORED BY THE AFM.

3. IT IS THE UNEASY COEXISTENCE OF THESE RIVAL POWER CENTERS THAT ACCOUNTS FOR THE UNCERTAINTY ON THE CURRENT PORTUGUESE SCENE. IT IS AN UNSTABLE EQUILIBRIUM THAT EVEN THE AFM CANNOT ALTER, AT LEAST FOR THE TIME BEING. MORE OFTEN THAN NOT IT MEANS THAT GOVERNMENTAL DECISIONS ARE POSTPONED, AVOIDED WHENEVER POSSIBLE, OR SOLVED AT THE LOWEST COMMON DENOMINATOR. SINCE THE AFM IS PARTICULARLY SUSCEPTIBLE TO THE PCP AND ULTRA LEFT INFLUENCES, IT IS ALSO THIS AREA THAT STILL TENDS TO HOLD SWAY WHEN A DECISION FINALLY IS REACHED, E.G. THE REVOLUTIONARY COUNCIL'S REVERSAL OF ITS DECISION TO RETURN RADIO RENASCENCA TO THE CHURCH.

4. FROM PAP TO THE AFM ASSEMBLY: ON JUNE 21 THE REVOLUTIONARY COUNCIL ISSUED ITS POLITICAL ACTION PROGRAM (PAP). WHILE THE DOCUMENT WAS PAP IN MORE WAYS THAN ONE, IT PLEASED NEITHER THE PCP NOR THE ULTRA LEFT. SINCE ITS ISSUANCE THESE GROUPS, AND THEIR ALLIES IN THE AFM, HAVE BEEN SEEKING TO GIVE THE DOCUMENT A "PROGRESSIVE READING." BOTH THE NAVY AND ARMY ASSEMBLIES OF LAST WEEK CAME DOWN ON THE "PROGRESSIVE SIDE."

5. ON JULY 8 THE SECOND ASSEMBLY OF THE AFM IS SCHEDULED TO TAKE PLACE IN LISBON. THE MAIN ITEM ON THE ASSEMBLY'S AGENDA IS VETTING AND APPROVING THE JUNE 21 PROGRAM WE EXPECT THAT THE PCP AND THE ULTRA LEFT WILL SEEK TO IMPOSE THEIR "PROGRESSIVE" INTERPRETATION OF THE DOCUMENT AND THEY MAY ALSO SEEK TO IMPLEMENT THEIR GOALS BY ALTERING THE PERSONNEL

CONFIDENTIAL

PAGE 04 LISBON 03810 01 OF 02 072024Z

COMPOSITION OF THE REVOLUTIONARY COUNCIL ITSELF. THIS PROSPECT CAUSES BOTH JOY AND ALARM IN LISBON, DEPENDING ON WHERE YOU STAND, AND IS ANOTHER REASON FOR RECENT TENSION. IN THIS CONNECTION, THE PRESIDENT'S SPEECH ON JULY 4 SERVED ONLY TO HIGHLIGHT THE PROBLEM AND DID NOT RELIEVE THE TENSION.

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PAGE 01 LISBON 03810 02 OF 02 072032Z

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INFO OCT-01 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-03 NSAE-00

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 3331

INFO AMEMBASSY BONN

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 3810

6. PCP MOBILIZATION: BEFORE AND DURING THE PRESIDENT'S JULY 4 SPEECH, THE PCP WAS MOBILIZING ITS ACTIVISTS IN FACTORIES THROUGHOUT LISBON. WHY THE PCP DID THIS IS STILL NOT FULLY CLEAR. WE UNDERSTAND, HOWEVER, THAT ANOTHER MOVE WAS AFOOT TO FORCE VASCO GONCALVES OUT AS PRIME MINISTER. WE ALSO UNDERSTAND THAT THE COMMUNISTS, UNDER PRESSURE FOR NOT SUPPORTING THE WORKER DEMANDS IN THE LABOR DISPUTES MENTIONED ABOVE, SOUGHT TO SQUARE THE IDEOLOGICAL CIRCLE BY INVENTING ANOTHER "THREAT FROM THE RIGHT," A LA SEPTEMBER 28, 1974. WE HAVE BEEN INFORMED THAT THE PCP AT ONE POINT CONSIDERED SETTING UP ROADBLOCKS AND CHECK POINTS BUT THAT COPCON COMMANDER, GENERAL OTELO CARVALHO, THREATENED TO DISMANTLE THEM AND THE PCP DESISTED.

7. REVOLUTIONARY COUNCIL IN-FIGHTING: AS NOTED IN LISBON 3748, THERE ARE THREE BASIC FACTIONS WITHIN THE REVOLUTIONARY COUNCIL. A NEW FACTOR WHICH IS BECOMING AN

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PAGE 02 LISBON 03810 02 OF 02 072032Z

IMPORTANT ELEMENT IN THE COUNCIL'S IN-FIGHTING IS THE EXISTENCE OF TWO GROUPINGS WITHIN THE LEFT NATIONALIST FACTION. ONE GROUPING IS COALESCING AROUND ADMIRAL ROSA COUTINHO AND HAS BEEN RELATIVELY QUIET RECENTLY. A

SOCIALIST PARTY LEADER ASKED US WITH HONEST SURPRISE A FEW DAYS AGO WHETHER IT WAS TRUE THAT COUTINHO WAS "THE AMERICANS' MAN" ON THE COUNCIL. WHEN WE ASKED WHAT LED HIM TO THINK SO, HE REPLIED THAT IT WAS "COMMON KNOWLEDGE." ALTHOUGH HE ENJOYS THE SUPPORT OF THE MINISTERS OF INFORMATION, EDUCATION AND DEFENSE, ADMIRAL COUTINHO HAS ONLY PEZARAT COREIA AND CORVACHO RELIABLY WITH HIM ON THE COUNCIL.

8. THE OTHER GROUPING, UNDER THE LEADERSHIP OF GENERAL CARVALHO, HAS BEEN INCREASINGLY ACTIVE AND INFLUENTIAL OF LATE. THIS GROUP INCLUDES REVOLUTIONARY COUNCIL MEMBERS CHARAIS LOURENCO, PINTO SOARES, AND CANTO E CASTRO. FOR PERSONAL AS WELL AS IDEOLOGICAL REASONS, CARVALHO OPPOSES THE COMMUNIST SYMPATHIZERS ON THE COUNCIL, INCLUDING VASCO GONCALVES. AS PREVIOUSLY REPORTED, CARVALHO HAS RECENTLY SOUGHT ALLIES WITH THE ULTRA LEFT, PARTICULARLY THE PRP/BR, AGAINST THE COMMUNISTS. CARVALHO'S PERSONALISM HAS LED TO A SPLIT IN THE REVOLUTIONARY COUNCIL WHICH IS NOW BECOMING FAIRLY WELL-KNOWN WITHIN POLITICALLY SENSITIVE CIRCLES IN LISBON. IT WAS, FOR EXAMPLE, CARVALHO'S REFUSAL TO CARRY OUT THE REVOLUTIONARY COUNCIL'S DECISION AND RETURN RADIO RENSSENCA TO THE CHURCH WHICH LED TO THE GOVERNMENT'S EMBARRASING VOLTE-FACE ON THIS ISSUE.

9. ECONOMIC CRISIS: AS ADDRESSEES ARE AWARE, THIS ENTIRE POLITICAL STRUGGLE IS TAKING PLACE AGAINST THE BACKDROP OF PORTUGAL'S INCREASINGLY SERIOUS ECONOMIC CONDITION. WHEREVER THE GOVERNMENT LOOKS ON THE ECONOMIC FRONT IT GETS BAD NEWS, AND ITS OWN ACTIONS DO LITTLE IF ANYTHING TO ALLEVIATE THE SITUATION. THE AFM STILL PROCLAIMS THAT IT MADE ITS REVOLUTION ABOVE ALL TO HELP PORTUGAL'S "LEAST PRIVILEGED." IT IS A BITTER, BUT EXPECTED IRONY THAT LAST WEEK COPCON TROOPS WERE CAST BRIEFLY IN THE ROLE OF STRIKE-BREAKERS. WITH THE GOVERNMENT CALLING INCREASINGLY FOR "AUSTERITY" AND WITH THE HIGH RATE OF INFLATION CONTINUING, THE AFM FACES AN UNPLEASANT FUTURE. THIS NEGATIVE FACTOR IS YET CONFIDENTIAL

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PAGE 03 LISBON 03810 02 OF 02 072032Z

ANOTHER PROBLEM FOR THE OVERBURDENED AFM.

10. THUS, THE CURRENT SITUATION IS TENSE, UNCERTAIN, AND DELICATELY BALANCED. THE AFM ASSEMBLY ALMOST CERTAINLY WILL NOT RESOLVE IT. THE PRINCIPAL PROTAGONISTS THEMSELVES -- CARVALHO, GONCALVES, ROSA COUTINHO, CRESPO, COSTA GOMES -- ARE UNSURE OF THEIR OWN STRENGTH WITHIN THE AFM ASSEMBLY. AS WE NOTED LAST MONTH IN LISBON 3249, ATTEMPTS AT CONSENSUS RULE WOULD STILL BE MADE, BUT IN THE FACE OF THE GOP'S MULTIPLYING PROBLEMS SUCH ATTEMPTS WILL, AT BEST, BE SHORT-LIVED PALLIATIVES.

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## Message Attributes

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